

Trade Invest Monthly

Hawaii's International Business Network

HAWAII NOTICES

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*Angkor Wat, Cambodia
Look to related article on
mission to Cambodia*

DBEDT leads Business Mission to China, Cambodia and Vietnam

A business mission to develop opportunities for China, Cambodia and Vietnam is scheduled for November 1-16, 2001. Jointly sponsored by DBEDT and the Chinese Chamber of Commerce, the mission will explore opportunities in the areas of tourism development, infrastructure development and engineering, energy efficiency, renewable energy, solid and water waste management, and training and education.

The Hawaii delegates will visit Yunnan, a province in southern China, to participate in China's top travel event: China International Travel Mart 2001. Upward of 30,000 people are expected to attend, including leading travel professionals from around the world.

The business mission to Cambodia may be the first for any U.S. state. Government officials are looking to Hawaii for critical help in preserving and promoting such attractions as the ancient temple city of Angkor, considered one of the world's most important historic treasures. The mission will be exploring opportunities for training and discussing possibilities for securing grant monies for economic development assistance.

In Vietnam, the group will visit Hanoi and Hue. Of particular interest is the development of infrastructure opportunities.

For more information on joining this mission, contact Richard Fassler, Business Development and Marketing Division – Tel: (808) 587-2775; Fax: (808) 587-2787; e-mail: rfassler@dbedt.hawaii.gov



Due to the tragedy of September 11, 2001, a number of scheduled events were postponed to later dates:

Aloha China! Trade Mission

Rescheduled to November 30, 2001 and returning on December 14/15, 2001 - Participation in the **Aloha China!** mission is open to any Hawaii company involved in the field of technology, education and training, or tourism development. For more information about the **Aloha China!** mission as well as upcoming DBEDT business development missions, contact Richard Bahar at 587-2769 or e-mail to rb@dbedt.hawaii.gov.

Economic Summit (Oahu)

Rescheduled for February 2002, date to be announced. For more information, contact the Hawaii Women's Business Center at Tel: (808) 522-8130.

Economic Summit (Kauai) postponed to Spring 2002. The summits for Maui, Kona, and Hilo will be announced.

Hawaii International Air Cargo Symposium

Rescheduled for November 14 -15, 2001. To be held at the Hilton Hawaiian Village. "Profiting from Air Cargo" is the theme of this year's symposium. The event promises to have two days packed with presentations from experts in the industry and trade exhibits as well. The agenda will incorporate ample break periods to enhance sales and marketing opportunities and encourage symposium participants to browse, and network. Exhibition tables are available for \$500 and space is limited. For information on availability and reservation please contact Mike Hruby at (808) 833-6614.

For more information on registration, call the UH Conference Center for more information. Tel: 956-8204 Fax: 956-3364 For the latest information regarding this event please also go to the ACAH website, www.aircargohawaii.com.

Worldwide Market Reports

Due to the large number of requests for reports, we have made the request process easier to better serve you. To request reports, send the request form by Fax: (808) 587-3388 or email: tradeinvest@dbedt.hawaii.gov

The report service offered is reserved for Hawaii companies only.

If you are outside of Hawaii and are interested in the reports highlighted in our newsletters, please go to the United States Department of Commerce website, www.stat-usa.com. You will have the choice of ordering the reports you need for a small fee or you can subscribe to their service for an annual fee and have unlimited access to all reports and services.

Also, some of these market reports can also be located at the website: www.usatrade.gov

Japan – Update on Biotechnology Safety Approval and Labeling Policies for Genetically Modified (GM) Food Products

Source: U.S. Department of Agriculture – Tokyo. The Japanese Government's Ministry of Health, Labor and Welfare (MHLW) has the responsibility for granting food safety approvals for biotech products, and as of August 2001, the MHLW has approved 37 biotech varieties for food use.

The Japanese Government has new legislation put into effect on April 1, 2001, that made it illegal to import products for food use which contain biotech varieties which are not yet approved in Japan. To enforce the new legislation, the MHLW has started a sampling and testing program for imported food products at ports of entry.

Any food products found to contain unapproved biotech varieties must be re-exported, destroyed, or diverted to a non-food use.

Similarly, the Ministry of Agriculture, Forestry and Fisheries (MAFF) is responsible for the environmental safety approvals, feed safety approvals, and biotech labeling for foods. On April 1, 2001, MAFF established a labeling scheme which requires labeling for biotech food products if the biotech DNA or protein can be scientifically detected in the finished foods.

In order for a food product to be labeled as "non-GM", certification must be provided to show that the ingredients were handled on an "identity-preserved (IP)" basis at each step of the production and distribution process.

Biotech advisory labels for the products covered under this program are mandatory if the biotech content exceeds 5%, either with the labeling, "GM Ingredients Used" or "GM Ingredient Not Segregated." The 5% tolerance only applies to biotech ingredients that have been approved in Japan.

Like the United States, Japan has a zero tolerance for unapproved biotech varieties in foods. Any detection of unapproved biotech variety in a food product is a violation of Japan's Food Sanitation Law. Testing is handled by MHLW, while local health authorities handle the testing for processed foods at the retail level.

For more information on MHLW's most recent list of approved biotechnology traits can be found on the Internet at: www.mhlw.go.jp/english/topics/food/sec01.html

Korea – Ice Cream Market

Source: U.S. Department of Agriculture - Seoul. The Korean imported premium ice cream market in Korea has shown "tremendous" growth over the past 10 years, with the U.S. as its largest supplying country during that time. In Korea, all imported ice cream are called premium ice cream.

Import sales of premium ice cream in 2000 totaled US\$5.6 million, and imports of premium ice cream into Korea is forecasted to increase 15-20% over the next 3-5 years.

Key points for Hawaii ice cream manufacturers are: 1) relatively low tariff – 8%, 2) Koreans are eating more ice cream, 3) U.S. products are seen as superior in quality, and 4) the Korean consumers like the taste and characteristics of U.S. ice cream. On the flip side, one of the challenges is the high price of imported ice cream compared to domestically produced brands.

Prior to the economic crisis in 1997, there were 40 premium ice cream companies in the market. However, with the shakeout, only 3-4 companies survived. Since that time, there has been an expansion in 2000 to 10 companies, and more added in Spring 2001.

Major customers are people between the teenage years and the thirties. Ice cream consumers are also expanding into the forties and fifties group.

Hawaii ice cream manufacturers should note that the price of imported premium is 3-5 times higher than locally produced regular ice cream using the exchange rate of 1,250 won = \$US1.

Net Profits & Prophets

Major Supermarket in Japan Files for Bankruptcy Protection

Source: U.S. Department of Agriculture - Tokyo. According to the September 14, 2001 report in the *Nihon Keizai Shimbun*, Mycal Corporation, one of the largest Japanese supermarket and general merchandise retailer, will file for protection from creditors under Japan's Corporation Rehabilitation Law. The company had interest-bearing debt of about 1.05 trillion yen on a consolidated basis at the end of August, and that debt was expected to increase even further.

Trend Setting In Japan

In the July Japan Internet Report Tim Clark notes women's influence on styles and trends in Japan.

"Readers who have spent time in Japan know the peculiar social position occupied by high school girls here. Japan's adult society is deeply - some might say disturbingly - interested in the daily lives of these girls. Maybe that's why they wield immense influence as a trend-setting consumer group that drove the explosive success of Bandai's Tamagotchi, among other products."

For more on this please go to www.jir.net/jir7_01.html#4 for the complete articles.

What Women in Hong Kong carry in their Purses and Why

No kidding, there are people who really "look into" this stuff. Knowing handbag content might tip a marketer on the next million dollar idea...

Frank Yu explores the unknown worlds of women's purses in his latest issue of Asia Internet Report:

"In order to see what trends may be lurking in Hong Kong, I asked some female friends to tell me what kind of gadgets they carry in their bags and why. ...the sample represents a cross section of Hong Kong's educated twentysomething population."

The complete article is available at www.asiainternetreport.com

Taiwan – Seafood Market

Source: U.S. Department of Agriculture - Taipei. There is no dominant country which supplies the highly competitive Taiwan seafood market, but U.S. is the third largest supplier of seafood product with US\$49 million exported to Taiwan in 2000.

Seafood experienced a downturn in the first quarter of 2001, but growth is expected in the long run, and it will be further boosted when Taiwan joins the WTO, thereby U.S. companies will benefit by the reduced tariffs on seafood.

The most popular seafood imports are fish (45%), crustacean (38%) and molluscs (17%). The U.S. is the largest supplier of fish and mollusc products (mainly abalone), and third in the crustacean category (behind Australia and Thailand).

Largest markets for imported seafood are the wet markets and supermarkets/hypermarkets. With the fierce competition, retail stores tend to buy directly from the overseas supplier, thereby reducing their cost, and to reducing their operating costs. The report recommends that U.S. suppliers contact retail chains directly. A list of the major Taiwan retail chains are available at the U.S. Department of Agriculture's Taipei office by contacting them via e-mail: ato@mail.ait.org.tw

Mexico – Modifications on Labeling of Beauty Products

Source: U.S. & Foreign Commercial Service – Mexico. For Hawaii's beauty product manufacturers, please be advised that on May 14, 2001, Mexico's Ministry of Health released modifications that is mandatory for importers of the beauty products.

Of interest to Hawaii companies are the modifications of the sun protecting preparations.

There are also other modifications in the location and dimension of quantitative data. One important note was that the comma (,), not the period (.) must be the decimal separator for now.

For more information on the Mexican standards, contact Ivan Rios at the U.S. Commercial Service Mexico at e-mail: ivan.rios@mail.doc.gov

Japan – Confectioneries and Snack Foods

Source: Japan External Trade Organization (JETRO). Compared to other food industries, the Japanese confectioneries and snack food industry has fallen behind in GDP performance as sales have remained stagnant over the past decade.

Key to this is the industry's inability to correctly anticipate and respond to the

changing tastes of the Japanese consumer. The emergence of new food industries such as fast foods have changed the Japanese tastes. While all these changes have occurred, more than half of the mass-production confectioneries and snack food merchandise sold through major sales channels were developed in the 1960-1980 period. Most of the new products end up as short-term spot items. The most recent trend shows that the domestic confectioneries and snacks industry can be defined as "low-priced individual packs" – smaller and neater packages that can be consumed in one sitting.

While the confectioneries and snack food market is sluggish, chocolate consumption has been making considerable progress, mainly due to consumers recognizing the health benefits of polyphenol, a naturally occurring substance in chocolate. Consumers are also rethinking the older idea that chocolate is fattening and promotes tooth decay.

Since Japan has many varieties of confectioneries and snack products, JETRO recommends that it be best to bring in special and different merchandise to penetrate the market. It lists organic confectioneries and snacks as one possibility. The flavor should be altered to fit

(Continued on page 4)



Trade Mission Resources

These Market Reports are available through www.usatrade.gov website.

Cambodia

- ♦Cambodia Country Commercial Guide FY2001
- ♦List Of Pharmaceutical _Medical Equipment Importers
- ♦Overview Of Construction & Engineering Services.
- ♦Power Sector
- ♦New ADB Loan Projects

Vietnam

- ♦Vietnam Country Commercial Guide FY2002
- ♦Computer Hardware
- ♦Computer Software
- ♦Computer Services
- ♦Education Training
- ♦Electrical Power Trans Distribution
- ♦Medical Equipment
- ♦Pollution Control Equipment
- ♦Road Construction
- ♦Telecommunications Equipment
- ♦Wastewater Treatment
- ♦Overview Of Construction & Engineering Services
- ♦Tourism Development Plan in Hanoi

China

- ♦China Country Commercial Guide FY 2002
- ♦Commercial Banking Industry
- ♦Property Rights Law Drafted
- ♦Development Trends In Utilization Of Foreign Investment
- ♦2008 Olympic Games Opportunities
- ♦Environment Websites
- ♦Overview Of Medical Equipment Sector
- ♦Transportation Development Over The Next Five Years
- ♦Wastewater Treatment Technologies
- ♦The Electric Bicycle Era



Japan-Confections and Snack Foods
(Continued from page 3)

the Japanese tastes, and packaging should reflect Japan's trend for individual instant consumption.

According to a various surveys, housewives is the consumer group that most frequently buys confections. The average housewife purchases confectionery and snack foods 2-3 times a week, and consumes some every day. They buy most of the products at supermarkets (85.7%) and confection shops (20.3%).

On the other hand, high school girls and working women buy their confectionery and snack products at convenience stores (82.5% for high school girls, and 64% for working women).

Hawaii manufacturers will fall mainly in the chocolates and cookies categories, and should keep aware of the following points:

Chocolates remain the most purchased confectioneries and snack food. Criteria for their purchase are: 1) price, 2) quality, 3) taste, and 4) date of production.

China – Marine Survey & Ocean Sensor Equipment

Source: U.S. & Foreign Commercial Service – Shanghai. The report states that "Undersea exploration electronics, equipment and software are a substantial market in China with good prospects for long-term growth."

With rapid population and economic growth along the eastern China seaboard, there has been added pressure on the seaboard-related industries such as fisheries, waste management, oil & gas, cable, and mining to increase production. As these industries modernize to international standards, China has looked to the west for equipment that will allow the industries to be more efficient and to generate a more saleable product to the West.

Product sectors that are attractive include: 1) acoustic doppler current meters and profilers, 2) acoustic positioning, 3) side-scanning sonar, 4) multibeam sonar, 5) multiparameter probes, 6) seafloor composition sensors, 7) sub-bottom sensors, 8) remote sensing & photogrammetry, 9) trenching machines, and 10) data management software.

China currently does not have any domestic sources for this technology, and U.S. has a strong lead in this product sector over the European and other competitors.

As the technology borders on the edge of what is legal to export in certain cases, U.S. exporters are cautioned to do its due diligence before moving forward in the China market.

Air Cargo Updates

Airlines that service Hawaii have recently released news bulletins about cargo service in the wake of the Sept. 11 tragedy. These bulletins can be forwarded by email upon request. They are from the following airlines: American, Continental, Delta, Northwest, UPS. Emailed notices can also be gotten from the Air Cargo Association of Hawaii at www.aircargohawaii.com

Change in Shipping Service to New Zealand

Source: U.S. & Foreign Commercial Service. Similar to Hawaii, the geographical isolation means that all imported goods must enter via ocean or air. The majority of New Zealand's trade is transported via sea freight as it is the less expensive option.

In the past, the main shipping services from the North American continent to New Zealand is currently offered by Apex, ANZDL, BHP International Marine Transport, Blue Star Line, COSCO, Fesco Lines, and Wilhelmsen Line.

However, there have been changes in shipping service with Sealand Maersk's announcement in August 2001 that it is adding a new service linking New Zealand with North and Latin America.

The new service will run from New Zealand to Latin America before proceeding to Philadelphia. The return service from Philadelphia will link to the West Coast before heading back to New Zealand.

The difference is that the new service is to reduce the current transit times. For example, the leg from Long Beach to Auckland is expected to be 13 days, and the New Zealand to Philadelphia leg is expected to take about 20 days.

The new service starts in September 2001.

Japan – Import information for Various Product Sectors

Source: Japan External Trade Organization (JETRO). For new-to-market businesses and individuals, JETRO provides import and market information for a wide

variety of product categories.

Highlighted in this issue are product categories of interest to Hawaii companies

- Ornamental fish – focusing mainly on carp, goldfish, and other tropical fish
- Cut flowers
- Musical instruments – string instruments
- Marine sports equipment
- Fishing tackle – fishing rods
- Shrimp and crabs

Other product categories will be announced in future issues. Specific reports are available upon request.



Report Request Form

Trade Invest Monthly
Hawaii's International Business Network

Company: _____

Contact person: _____

Address: _____

City: _____

Zipcode: _____

Telephone: _____

Facsimile: _____

Email: _____

Report(s) requested:

- ☐ Japan - GM food Products
- ☐ Korean -Ice Cream Market
- ☐ Taiwan -Seafood Market
- ☐ Mexico -Beauty Product Labeling
- ☐ Japan -Confections, Snack Food
- ☐ China -Ocean Survey / Sensor Equip.
- ☐ New Zealand -Shipping Service
- ☐ Japan - JETRO sector reports

OTHER REPORTS (reference issue date): _____

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